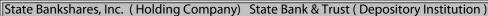
North Dakota

ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

Date Repaid¹:

(Include Holding Company Where Applicable)



8/12/2009



¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

 than otherwise would have occurred.	Trust aggressively marketed its ability to make business and personal loan in the markets that it serves. Net loan growth for 2009 was \$78.3 million.



X	To the extent the funds supported increased lending, please describe the	The Company's loan growth was primarily in commercial (small business) loans split fairly evenly between real estate and non-real estate. The Company also closed a historically high level of
	major type of loans, if possible	residential mortgage loans that were passed through to FNMA and other secondary market sources.
	(residential mortgage loans, commercial	
	mortgage loans, small business loans,	
	etc.).	
	Increase securities purchased (ABS, MBS, etc.).	
	- Ctc.).	
	Make other investments	
	Increase reserves for non-performing	
	assets	
	1	

X	Reduce borrowings	A portion of the funds were used to repay short-tem borrowings. State Bankshares, Inc. continues to
		have an open line of credit which would restore these funds if needed for loan growth or capital insertion into State Bank & Trust.
		Insertion into state bank & trust.
	Increase charge-offs	
	increase charge-ons	
	Purchase another financial institution or	
	purchase assets from another financial	
	institution	
_	Unid a constant to the batter	
	Held as non-leveraged increase to total capital	Some uncertainty still remains in the market. We continue to hold funds as non-leveraged increase to total capital to allow for this.
	capital	to total capital to allow for all si

What actions were you able to avoid because of the capital infusion of CPP funds?				

	CPP funds?	
The Company's subsidiary bank was actively curtailing lending activity prior to receipt of the Capital Purchase Program funds du restrictions, and uncertainty as to the impact of economic conditions on the quality of its loan portfolio. The CPP funds provided freely resume loan activity in the markets that it serves without these restrictions.	e to capital d it the capability to	

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.			

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.